



GSAssociates, LLC.

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## Teamwork Telecom Inc.

Independent Auditor's System Report  
For Payphone Compensation  
As required by FCC Order 03-235  
Docket No. 96-128

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1200 Old Alpharetta Road  
Alpharetta, GA 30005



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## **Independent Auditor's Report**

### **System Audit Report**

Board of Directors  
Teamwork Telecom, Inc.

We have examined Teamwork Telecom's (TEAMWORK) call tracking systems for payphone calls in compliance with FCC Order 03-235, Docket No 96-128, for the period ending April 30, 2008. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on TEAMWORK's compliance based on our examination.

Our examination included procedures to obtain reasonable assurance about whether the controls included in our audit were suitably designed to achieve the control objectives namely that TEAMWORK's call tracking system accurately tracks payphone calls to completion and that it satisfactorily complied with and applied these controls and such controls will be placed in operation consistently in the future.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the company's compliance with specified requirements.

In our opinion, TEAMWORK complied, in all material respects, with the aforementioned requirements for the period mentioned through April 30, 2008. The company has sufficient controls in place to provide reasonable assurance to achieve the control objectives namely that the call tracking system accurately tracks payphone calls to completion. Future projection of such information is subject to the inherent risk that, because of change, the description may no longer portray those procedures in existence. The potential effectiveness of specific controls is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that, (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for the information and use of Teamwork Telecom, Inc. and is not intended to be and should not be used by anyone other than the specified party.

GSAssociates

May 25, 2008



## **Overview of System Audit Requirements**

This System Audit Report covers FCC Order (03-235, Docket No 96-128), effective July 1, 2004, requiring Interexchange Carriers (IXC's), LEC's, CLEC's and Switch Based Resellers et. al. Carriers, to establish and maintain a comprehensive Call Tracking System (CTS) which accurately reports and compensates Payphone Service Providers (PSP's).

The Order calls for an independent third party audit report in conformity with AICPA standards. The independent auditor's report shall conclude whether the CARRIER complied, in all material respects, with the factors set forth (below) regarding the CTS as follows:

- 1) Whether the CARRIER's procedures accurately reflect the Commission's rules, including the attestation reporting requirements.
- 2) Whether the CARRIER has a person or persons responsible for tracking, compensating, and resolving disputes concerning payphone completed calls.
- 3) Whether the CARRIER has effective data monitoring procedures.
- 4) Whether the CARRIER adheres to established protocols to ensure that any software, personnel, or any other network changes do not adversely affect its payphone call tracking ability.
- 5) Whether the CARRIER has created a compensable payphone call file by matching call detail records against payphone identifiers.
- 6) Whether the CARRIER has procedures to incorporate call data into required reports.
- 7) Whether the CARRIER has implemented procedures and controls needed to resolve disputes.
- 8) Whether the independent third-party auditor can test all critical controls and procedures to verify that errors are insubstantial, and
- 9) Whether the CARRIER's have adequate and effective business rules for implementing and paying payphone compensation.



## **Audit Process & Procedures**

Our audit reports on all nine (9) points listed in the order. The guidelines used to conduct and prepare the report are established in the AICPA's Statements on Standards for Attestation Engagements (SSAE), specifically, SSAE 10, AT Section 101 *Attest Engagements* and AT Section 601 *Compliance Attestation*.

Those standards required that we:

- 1) Have adequate technical training and proficiency in the attest function.
- 2) Perform the attest function using practitioners having adequate knowledge of the subject matter.
- 3) Evaluate the subject matter against suitable criteria such as:
  - a) *Objectivity* – free of bias
  - b) *Measurability* – reasonable consistent measurements, qualitative or quantitative, of subject matter.
  - c) *Completeness* – sufficiently complete so that relevant factors that would alter a conclusion about subject matter are not omitted.
  - d) *Relevance* – criteria relevant to the subject matter.
- 4) Maintain an Independence mental attitude in all matters relating to the engagement.
- 5) Exercise Due professional care in the planning and performance of the engagement.
- 6) Obtain sufficient evidence to provide reasonable basis for our conclusion expressed in the report.

TEAMWORK currently compensates PSP's and Aggregators directly via data provided by the entities. They plan to engage the services of a clearinghouse (Billing Concepts) for processing compensation to the PSP's in the future. Because TEAMWORK is currently paying direct to PSP's and Aggregators, GSAssociates will audit the call tracking system that has been developed and will be utilized in the future. As such, factors six (6) and seven (7) in their entirety and eight (8) and nine (9) collectively of the Order are subject to the AICPA's Statement on Auditing Standards (SAS) 70 – Reports on Processing of Transactions by Service Organizations. The clearing house is required to engage an auditor to issue a compliant report regarding the four (4) factors of the Order mentioned above. That report is included herein and is hereby made part of our report. However, it is important to mention that the use of a clearinghouse does not remove responsibility from the company for all points of the order. TEAMWORK has not indicated exactly when they will transfer to Billing Concepts for payment processing.



### ***PAYPHONE COMPENSATION Policies & Procedures***

TEAMWORK has established and documented policies & procedures specifically in compliance with the Payphone Compensation FCC order. These include, but are not limited to:

1. Backup Policy
2. Password Policy
3. Physical Security Policy
4. Information Access Control Policy
5. Monitoring Policy
6. Dispute Resolution

#### ***Responsible Dedicated Staff***

TEAMWORK has dedicated staff responsible for tracking, compensating, reporting and resolving disputes concerning completed calls as follows:

1. **Wendy Luc, Accounting Manager**, is responsible for drafting necessary business requirements.
2. The **CTO, Jenny You**, is responsible for developing & maintaining systems to create payphone call records from switch records.
3. The **CTO, Jenny You** is responsible for implementing & maintaining procedures that check the validity of identified payphone records.
4. The **Jenny You, CTO**, is responsible for implementing & maintaining procedures that create final compensation data sets.
5. The **Wendy Luc, Accounting Manager**, is responsible for developing compensation tracking reports.
6. The **Accounting Manager** of TEAMWORK, **Wendy Luc**, is responsible for dispute resolutions.



### ***Data Monitoring Procedures***

TEAMWORK has developed a systematic reporting process to generate monthly and quarterly reports on payphone call counts, PSP identities, numbers called, and info digits used. TEAMWORK can generate ad hoc reports as needed.

These reports reflect:

- a) Trends of switch traffic volumes entering their payphone compensation systems.
- b) Possible fraud on potential illegitimate payphone calls.
- c) Trends of excluded calls.
- d) The capability to develop customized reports to help resolve disputes.
- e) Capacity for other appropriate trending reports.

### ***Compensation Assurance Protocols***

TEAMWORK has established procedures which guarantee that the company will remain in compliance with current FCC requirements. These procedures ensure that software, personnel, or any other network changes or additions to the payphone compensation process are done in accordance with guidelines and approvals documented in aforementioned procedure section and do not adversely affect its call tracking capabilities.

### ***Compensable Call File and Reporting***

TEAMWORK extracts all data directly from Carrier and Company CDR and prepares online reports for utilization in the compensation process. GSAssociates determined that this file contained all the necessary data to perform the ANI match and to prepare detailed reports for compensation to each separate PSP or Aggregator.

### ***Dispute Resolution Procedures***

TEAMWORK has assigned their **Accounting Manager, Wendy Luc**, as the individual responsible for processing payments to PSP's and aggregators and for managing the in house payphone compensation system.



## **Compensation Verification**

TEAMWORK has advised GSAssociates that they have been compensating PSP's directly or through aggregators prior to this report. They will be transferring responsibility for processing to an outside clearinghouse as their call volume increases. TEAMWORK has not indicated when the transition will occur.

## **Audit Conclusions**

### ***FCC Relevant Rules Accurately Stated***

TEAMWORK has established, defined, and documented in accordance with relevant FCC Rules each of the following:

- Per-call rate.
- Per-phone requirements.
- Calls included as compensable calls
- Definition of completed call.
- Reporting requirements.
- Late payments per IRS overpayment rate.
- Data Storage Requirements.

### ***Established Security Protocols***

TEAMWORK has implemented security protocols to limit access to call tracking systems in a controlled environment to authorized personnel.

Monitoring tracking systems have been installed to limit access to the company's call tracking system.

Access to compensation systems is controlled and monitored as well as limited to authorized personnel through security measures which have been implemented.

### ***Audit Findings***

Teamwork Telecom, a provider of telecommunications services headquartered at 8917 Valley Blvd Rosemead, CA 91770, has provided prepaid calling card services to customers since beginning operations in 1998. The Company has demonstrated to GSAssociates that it has a viable call tracking system capable of capturing and providing data to its payment clearing house. GSAssociates did not validate payments made to PSP's but the Company verified that it has made all appropriate payments to either a PSP or Aggregator directly.



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**Appendix #1 – BCI SAS 70**



**PADGETT, STRATEMANN & CO., L.L.P.**

Certified Public Accountants and Business Advisors

**Independent Service Auditors' Report**

To the Board of Directors  
Billing Concepts, Inc.  
San Antonio, Texas

We have examined the accompanying description of the controls of Billing Concepts, Inc. ("BCI") applicable to recordkeeping, reporting, and payment services provided to its clients by the Dial Around Compensation ("DAC") Team of BCI. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of BCI's controls as it relates to DAC; (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and user organizations applied those aspects of internal control contemplated in the design of BCI's controls; and (3) such controls had been placed in operation as of March 31, 2007. The control objectives were specified by the management of BCI. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls of BCI, presents fairly, in all material respects, the relevant aspects of BCI's controls that have been placed in operation as of March 31, 2007. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and user organizations applied those aspects of internal control contemplated in the design of BCI's controls.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specified controls, as listed in Section IV, to obtain evidence about their effectiveness in meeting the related control objectives during the period from April 1, 2006 to March 31, 2007. The specific control objectives; controls;

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and the nature, timing, extent, and results of the tests are listed in Section V. This information has been provided to DAC customers of BCI and to their auditors to be taken into consideration, along with information about BCI's customers' internal controls, when making assessments of control risk for BCI's customers. In our opinion, the controls that we tested (Section V) were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified in Section IV were achieved during the period from April 1, 2006 to March 31, 2007.

The relative effectiveness and significance of specific controls at BCI and their effect on assessments of control risk at BCI customers are dependent on their interaction with internal control, and other factors present at individual BCI customers. We have performed no procedures to evaluate the effectiveness of internal control at individual BCI customers.

The description of controls at BCI is as of March 31, 2007, and information about tests of the operating effectiveness covers the period from April 1, 2006 to March 31, 2007. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the system in existence. The potential effectiveness of specific controls at BCI is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time may alter the validity of such conclusions.

This report is intended solely for use by management of BCI, its DAC customers, and the independent auditors of such customers.

*Padgett, Stratumann & Co.*

Certified Public Accountants  
June 20, 2007